

in 1890, ^12,258,320; and in 1901, , £8,390,508.' As there was grave fear that English and Scotch deposits would l>c further withdrawn, the Australian bankers faced us serious a problem as that which has confronted the United States during the long period of the withdrawal of foreign capital which followed the passage of the silver purchase law of 1890. It was indeed, from a mathematical standpoint, much more serious in the case of Australia, for the amount of liability to Europe was computed at ^20,000,000, or at the rate of £16 per head for the Australian population.² The fact that the burden was proving heavy was indicated by the second suspension, on July 17, 1895, °f ^{the} City of Melbourne Bank, with liabilities of nearly ^4,000,000. The bank first suspended on May 17, 1893, ^{an<^} reopened on July 19th following, but it was declared by the directors in a report of March 31, 1895, that the high rate of interest on deposit receipts could not be maintained, and eventually the bank went into liquidation.

Reviewing the effects of the crisis from'the vantage ground of eleven years, its results upon the supply of capital in Australia were thus summed tip by Coghlan⁸:

There has been a decrease in the money employed in Australia by the banks of issue during thirteen years to the extent of ^30,461,695. Within the same period, capital to the extent of ^"7,071,874 has been written off, and ^1,300,000, the capital of three defunct banks, has also been lost; on the other hand, capital (including preferential capital) to the amount of , £9,964,961 has been called up. It may therefore be stated that approximately ;£i,593,087, new capital, has been obtained by the banks ; so that the actual withdrawal of money has been greater by this amount than shown above, and, in reultiv, the total withdrawals may be put down at ^£32,054,782. The greater part of the money withdrawn consisted of British deposits, which the banks were accustomed to accept very freely in the period before the bank crisis of 1893. The extent of the deposits made with the branches of the banks in Great Britain may be gauged from the fart that the twelve banks from which returns were obtained held British

¹London Bankers* Magazine,]\m%, 1894, LVIL, 869.

* Ibid.> December, 1894, I,VIII., 741.

³ A Statistical Account of Australia and New Zealand^igo^-Q^ 787.